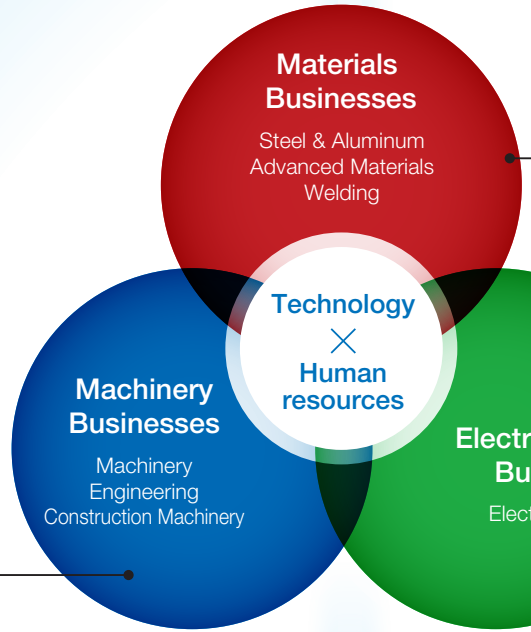
Kobelco Group's Diversity as a Source of Value

Materials, machinery, engineering, and electric power—these business domains represent the breadth of the Kobelco Group's operations.
This diversity has been shaped over time by building on increasingly sophisticated technologies and capabilities to meet the needs of each era.
Today, these multifaceted strengths are interconnected and integrated, forming a force that enables us to meet expectations across a wide range of fields.
Our value is generated from the convergence of these diverse elements.

Kobelco Group's Business Foundation, Formed by Responding to the Needs of Society

Built on over 120 years of technological expertise and a spirit of challenge, the Kobelco Group creates value across diverse fields, supports social infrastructure, and develops businesses that drive the future of industry.

Societal demands	Capabilities refined through meeting societal demands
Demand for advanced materials to support industrial infrastructure	Ability to produce high-performance materials
Demand for industrial advancement and greater operational efficiency	Ability to support industry with machinery
Need for the development and enhancement of social infrastructure	Ability to build social infrastructure through engineering
Growing demand for energy and stable power supply	Ability to provide stable power supply



Materials Businesses

Wire rods for automotive valve springs	Crankshafts	REGARC™ welding process
50% global market share	Largest global market share	Largest market share in Japan

Machinery Businesses

Rubber mixers	MIDREX™ Process	Isostatic pressing (IP) equipment
90% Largest market share in Japan	Largest global market share	60% global market share

Electric Power Business

Kobe Power Plant

Eco-friendly urban power plant with highly efficient environmental facilities

Moka Power Plant

Japan's first large-scale inland thermal power plant

Our diverse business foundation—together with the technologies and talent cultivated within it—serves as the base that supports Kobelco Group's synergistic strengths.

Integration Across Diverse Businesses and Technologies Empowers Us to Fulfill Expectations

In striving to meet the expectations from society and our stakeholders,
the Kobelco Group leverages its diverse strengths and creates new value.
This expansive value creation is powered by our unique integration of strengths.

Our Approach 01

Enhancing welding automation by integrating machinery and materials technologies

- Automation of steel frame welding
- Welding process for LNG carrier tanks

By combining welding materials, robots, and equipment, we are working to improve the efficiency and quality of welding processes while also addressing labor shortages.

Machinery × Materials

Our Approach 02

Driving the implementation of a hydrogen society by bridging production and utilization

- Hybrid-type hydrogen gas supply system
- Hydrogen utilization in industrial furnaces

In pursuit of a hydrogen society, we are advancing hydrogen utilization demonstrations in factories, developing hydrogen-driven fuel cell electric excavators, and conducting research on hydrogen supply technologies.

Machinery × Materials

Expectations from society (Sustainability)

Contributing to decarbonization

Providing safety and security

Creating a recycling-oriented society

Expectations from customers (Quality and trust)

High-quality materials, machinery, and systems

Shop-floor-driven solution proposals

Reliable execution capabilities

Expectations from investors and employees (Growth potential and sustainability)

Robust business foundation and profitability

Creation of future growth opportunity

A company that inspires pride

Leveraging diverse strengths to drive the next transformation

Our Approach 03

Reducing CO_2 emissions from steelmaking by combining the MIDREX™ Process with ironmaking technology

- MIDREX™ Process
- Kobenable™ Steel

By combining the MIDREX™ Process with ironmaking technology, we have developed our distinctive CO_2 reduction solution for ironmaking process, leading to the launch of Kobenable™ Steel.

Machinery × Materials

Our Approach 04

Reducing CO_2 emissions from electricity by combining power generation with upcycling

- Co-firing of biomass fuels (sewage sludge, etc.)
- Electric Power Business X Kobelco Eco-Solutions

Through collaboration between our Electric Power Business and Kobelco Eco-Solutions Co., Ltd., we are working on the co-firing of biomass fuels and other projects, creating value that supports social infrastructure.

Machinery × Electric Power

KOBELCO-X Driving Transformation by Uniting Diverse Strengths

The integration of our diverse strengths, cultivated in responding to the needs of society and industries, brings about new value.

KOBELCO-X is an initiative to further expand this value creation, moving ahead with our transformation into an appealing company toward 2030.

KOBELCO-X

Medium-Term Management Plan (Fiscal 2024–2026)

Transformation into an appealing company

Provide solutions

Kobelco Group's Key Issues (Materiality)

- Contributing to a green society
- Ensuring safety and security in urban development and manufacturing
- Providing solutions for the future connecting people and technology
- Promoting active participation of diverse human resources
- Pursuing governance that supports sustainable growth

Our vision for fiscal 2030

Business entity that drives innovation into the future

Net sales: ¥3 trillion | Ordinary profit: ¥200 billion | ROIC: 8%

KOBELCO's View of the Future

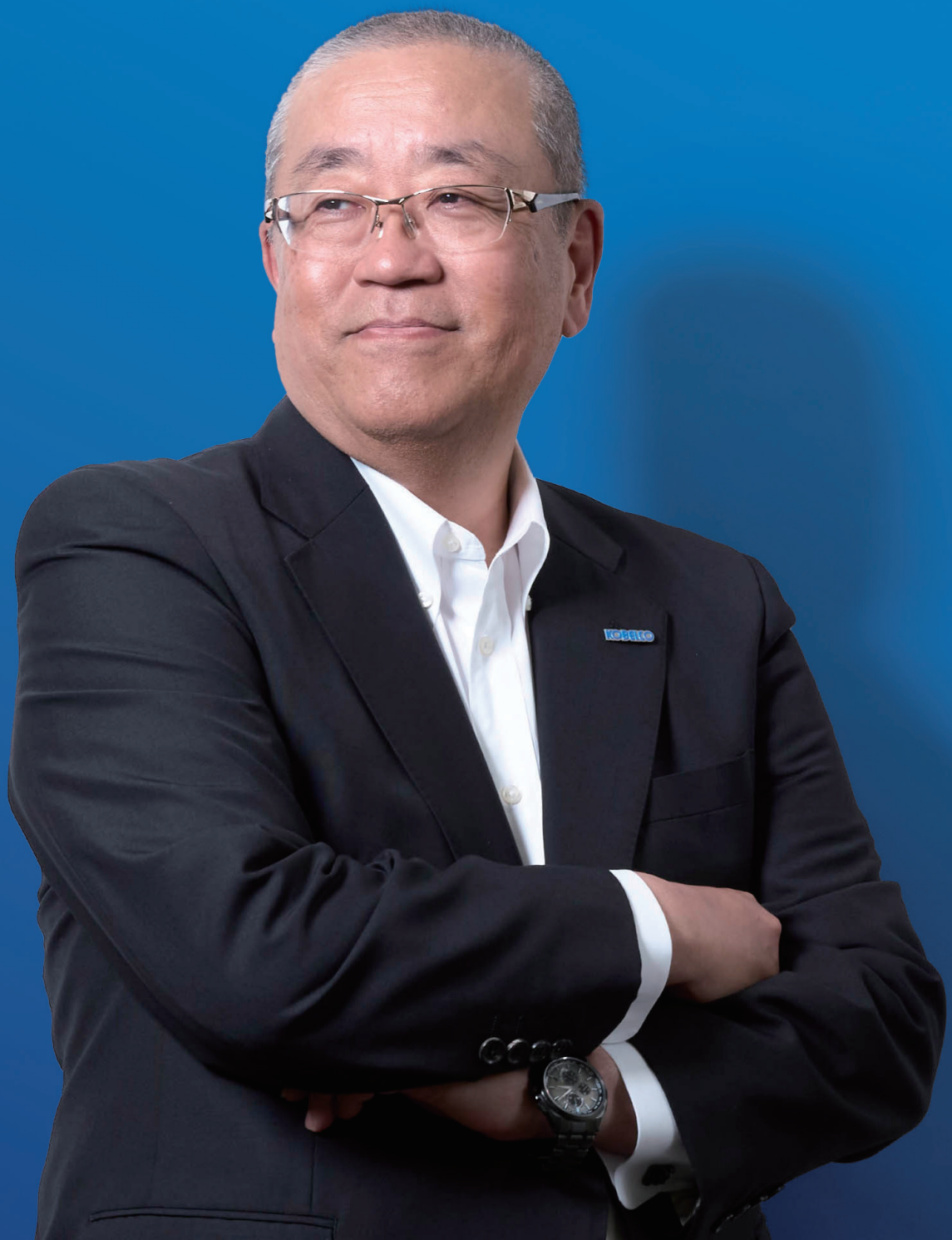
We envision a world in which people, now and in the future, can fulfill their hopes and dreams while enjoying safe, secure, and prosperous lives.

Message from the President and CEO

Customer-Centric Value Creation Starts with Each Employee's Initiatives

The Kobelco Group has progressed in its efforts to strengthen the financial base and lay the groundwork for transformation, paving the way for the next stage of growth. Our key focus in this phase will be on discovering promising growth markets beyond existing business domains and exploring solutions centered on customer challenges by leveraging the Group's technologies and expertise. We will expand our Group's unique value creation with each and every employee integrating KOBELCO-X into their own values and actions.

Yoshihiko Katsukawa
President, CEO and Representative Director



Message from the President and CEO

Achieving Next Stage of Growth by Strengthening Financial Base and Fostering Transformative Mindset

The year 2026 marks the final year of our Medium-Term Management Plan (Fiscal 2024–2026). Under the plan, we have advanced our transformation into an appealing company by promoting KOBELCO-X with a focus on two key priorities: enhancing earning power and pursuing growth, and taking on the challenge of realizing carbon neutrality. Now, we are looking ahead to our fiscal 2030 vision—becoming a business entity that drives innovation into the future.

Looking back over the past two years, our financial position has steadily improved. While profitability in our fiscal 2025 results leaves room for improvement with a return on invested capital (ROIC) of 5.3%, falling short of the target of approximately 6% and a return on equity (ROE) of 7.7%, we have achieved our targets for financial stability indicators ahead of schedule, recording a net asset ratio of 46.4% and a debt-to-equity (D/E) ratio of 0.61. What is important here is to recognize that these figures are merely milestones in the medium to long term. Although our price-to-book (P/B) ratio has risen compared to previous levels, it remains below 1. In my view, we have just reached the starting line for further growth investment and for achieving our vision for fiscal 2030 toward corporate value improvement over the medium to long term.

We are also seeing solid progress with KOBELCO-X, which aims to encourage all Group employees to proactively embrace challenges and seek ways to improve their daily work and workplace environments. Over the past two years, we have focused our efforts on instilling this mindset Groupwide by communicating management's intentions directly to employees through internal events and dialogue sessions. Now, I notice a growing sentiment among our employees, along with greater initiative to take on new challenges and a stronger aspiration to try something new. I believe this momentum will be a driving force for our continued growth into the future.

Corporate transformation cannot be implemented by management alone. It requires each employee to engage with their own work and workplace, learn from the past, examine the present, and look toward the future, all while taking action to improve what is right in front of them. This accumulation of efforts will lead to transformation across the entire Group.

Our Group has set out on a path toward the next stage of growth, with initiatives to both strengthen our financial base and foster an individual shift in mindset among employees. The final year of the current Medium-Term Management Plan is a crucial period for further building on this momentum and carrying it forward into the next medium term, which will begin in fiscal 2027.

Seizing Shifts in Business Environment and Identifying Pathways to Growth Markets

Recent developments in the business environment have diverged significantly from the assumptions underlying our current Medium-Term Management Plan. Globally, geopolitical risks, including the situations in Ukraine and the Middle East, are escalating, along with other risk factors such as U.S. tariff policies and the slowdown in the Chinese economy. Meanwhile, Japan faces a continued decline in domestic demand, as well as growing labor shortages and ongoing shifts in demand structure due to a declining birthrate and aging population. These changes are affecting the Group's business operations in various ways.

Message from the President and CEO

As the world is changing at a faster pace than ever before, our Group must pursue further growth. To achieve this, it is important to stay grounded and steadily move forward with each initiative, while carefully assessing feasibility and economic rationality without being overly optimistic or unduly pessimistic about changes in the business environment. Especially in these times of rapid change, we must consistently examine our business situation in a level-headed manner and consider how we can provide value to markets with future growth potential.

Regarding carbon neutrality, its long-term importance remains unchanged; however, we have now entered a phase that requires a realistic approach to implementation, based on the progress on technical challenges and economic feasibility. While our Group's initiatives to reduce CO_2 emissions by 30% by fiscal 2030 are making concrete progress, significant challenges remain—both from a technological and economic feasibility perspective—in achieving carbon neutrality by 2050. In May 2026, we released an updated roadmap to carbon neutrality. We will continue to explore optimal solutions to these challenges by evaluating a wide range of potential options.

Assessing Market Shifts and Capturing Growth Opportunities Across Business Domains

In fiscal 2025, while the materials businesses continued to face a challenging demand environment, the machinery businesses increased profits by achieving higher sales in service projects and steadily capturing demand from the energy sector. Overall, ordinary profit reached 121.3 billion yen; however, uncertainties are expected to persist into fiscal 2026.

In particular, the materials businesses are facing not only a persistently low level of demand, but also an acceleration of this downward trend. Although efforts are being made to improve profitability in each of the Group's businesses, it has become necessary to drastically review business operations to attain fundamental solutions. In response to this situation, we are working to strengthen our business competitiveness over the medium to long term by clarifying the Group's strengths and exploring a broad range of options, including collaboration with other companies, rather than insisting on developing solutions independently. In June 2026, Kobe Steel reached a basic agreement with Nippon Light Metal Holdings Co., Ltd., the parent company of Nikkeikin Aluminum Core Technology Co., Ltd., on the integration of aluminum extrusion businesses. In September 2026, Kobelco Wire Company, Ltd. became a wholly owned subsidiary of Kobe Steel. Various measures like these are already being implemented in both the steel and aluminum businesses, and efforts will continue to establish an optimal business structure to improve profitability.

As an organizational effort, it is also important to explore markets with growth potential from a Groupwide perspective, rather than having each business division respond to market changes individually. We should not confine ourselves to simply extending the operations of our existing businesses; instead, we need to break down the boundaries of materials, machinery, and electric power, and assess where the integration of our Group's technologies and expertise would create greater value.

For example, while the EV market is growing at a slower pace than initially anticipated, future growth is expected in areas such as aerospace, defense, semiconductors, and solutions to labor shortages. To allocate resources toward growth opportunities while monitoring changing demand, it is essential for our Group to explore the optimal integration of our technologies, businesses, and human resources in those areas, taking a broader view of the market. In some markets, we may be able to contribute through our materials technologies, while in others, our expertise in machinery, welding, plant engineering, and services may prove valuable. Improving the profitability and competitiveness of each business is certainly important. Beyond that, identifying specific value our Group can provide to each market is essential for our next stage of growth.

In a rapidly changing business environment, it is not enough to make decisions based solely on past trends. We need to calmly assess market changes and direct our Group's strengths toward growing markets, ensuring both feasibility and economic rationality. This will be a key initiative for our future growth.

Message from the President and CEO

Kobelco Group's Unique Value Creation Begins with Customer-Centric Solutions Through Integration of Our Diverse Assets

How can we demonstrate our Group's unique value in growth markets? We believe the starting point is always the customer.

Throughout our 120-year history, we have consistently addressed our customers' needs and concerns, working together to find solutions. This approach has enabled us to expand into a wide range of fields, including materials, welding, machinery, and electric power. However, what matters most is not just the breadth of our business lines. The true source of the Kobelco Group's unique value creation lies in our customer-centric approach, which integrates our technologies and expertise to deliver even better proposals.

Our Group has a long history of collaborating with customers across a diverse range of industries, including shipbuilding, automotive, aircraft, and energy. We have businesses that supply materials to customers, as well as others that engage from different angles, such as welding, machinery, plants, components, and services. In other words, a distinctive feature of the Group is that multiple business divisions can bring together technologies and expertise from various perspectives to address the challenges faced by the same customer.

This does not mean compensating for the weaknesses of individual businesses. Each business must be competitive in its own market to begin with. By combining their strength to develop customer-centric solutions, we can provide greater value. Rather than accepting our customers' requests at face value, we strive to identify the underlying issues behind them and find solutions through unique combinations only our Group can offer. This is where the potential for the Kobelco Group's unique value creation lies.

For example, when a customer comes to us and says, "We need A," we don't just provide A—we consider whether combining A with B could generate even greater value. By leveraging the technologies and expertise from our various businesses, encompassing materials, welding, machinery, plant engineering, and services, we can address challenges and unlock possibilities that customers themselves may not yet recognize.

Such efforts to deliver value to customers across business divisions have already begun. One example is in the semiconductor industry, where our Group provides a broad lineup of products, including materials, components, machinery, and inspection equipment. By integrating the technologies of various business divisions, we are working to develop new products that meet customer needs.

For details, please refer to the roundtable discussion on semiconductor market strategy on pages 30–33.

Along with the growth of each division's business, we are also working to provide solutions for our customers' challenges by leveraging our technologies and expertise Groupwide. The accumulation of these efforts will drive the Group's next stage of growth. This is not about just adding things from different businesses—it's about creating value in our Group's unique way, starting from customers' needs and integrating our technologies and expertise to deliver distinctive solutions.

Message from the President and CEO

Taking Steps Toward Transformation, with KOBELCO-X as Our Common Language

The driving force behind our value creation is, above all, our people. My wish is for every member of the Group to take pride in and feel attached to the Company, their departments, and the businesses they are involved in. Rather than simply passing completed tasks to the next operation, it is important to add your own unique value before handing them off to the next person in charge or the subsequent process. The accumulation of these actions supports the Group's value creation. This is why we launched KOBELCO-X. I see this initiative as vital because I believe that the power to transform a company does not come from management policies alone. While it is essential for management to set the direction, it is each and every employee who interacts directly with customers, manufactures products on the production floor, and carries out day-to-day operations. When each person strives to improve their own work or workplace and take action different from yesterday, this ultimately drives transformation across the entire Company.

KOBELCO-X encompasses a broader realm beyond organizational changes or large-scale projects. It is a common language that enables each employee to reflect on their current work and workplace, consider what they can do to make things better, and take a step in a new direction. It doesn't require anything extraordinary. The key is to take a fresh look at how you operate in your own workplace, adopt best practices from different business sites, and seek ways to serve customers faster and better. These everyday actions are all part of KOBELCO-X.

In addition, creating the right environment is also essential for employees to continue taking on new challenges with a positive attitude. We are developing an environment where employees can fully utilize their abilities through various initiatives, such as leveraging AI, creating a training environment where employees can learn whenever they want, and building more comfortable workplace. However, simply improving the environment is not enough to drive transformation. What matters most is a mindset where each employee focuses not on the reasons why something cannot be done, but on what they can do, and strives to make positive progress.

Organizational change isn't possible if we simply continue doing things the way that have always been done. True transformation comes from striving for improvement—learning from the past, reflecting on the present, and looking ahead to the future. I believe the actions which bring about such changes embody KOBELCO-X.

Taking on challenges doesn't always guarantee success. Even so, it is important not to let the fear of failure hold us back. Instead, we should learn from our experiences and use those lessons to guide our next actions. When employees feel empowered to say, "This is my own version of KOBELCO-X," transformation will become part of the culture of the entire Group, expanding beyond specific departments or projects. Each employee's effort—even a small one—to make their work better adds up and helps us transform our Group into an even stronger organization.

Concept Behind

1. Transformation

- Each employee will engage in transformation initiatives through their respective duties.

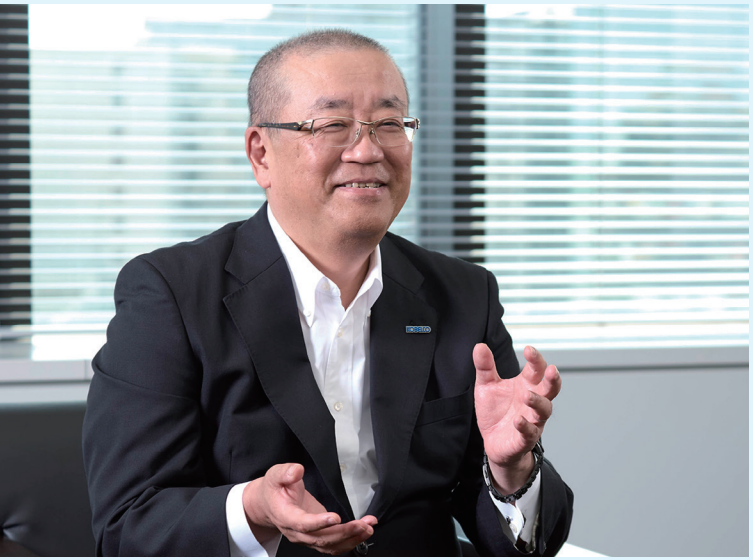
2. "Intersection" of various activities

- Transformation initiatives are not individual efforts but have many intersecting points with one another.
- Transformation will be advanced through collaboration without project boundaries.

3. "Integration" unique to KOBELCO

- Transformation will be achieved by integrating Kobelco Group's diverse assets across business divisions.

Message from the President and CEO



Transforming into Appealing Corporate Group by Building on Achievements

Our current Medium-Term Management Plan sets forth the goal of transforming into an appealing company. Although we are still in the process, we are working to move closer to this goal by implementing various measures as I have explained earlier, including strengthening our financial base, defining target growth markets, creating value from the customer's perspective, and steadily building on changes in each employee's actions through KOBELCO-X to make this a reality.

In my view, an "appealing company" is one that is appealing to all stakeholders—not only our shareholders and investors, but also customers, business partners, Group employees, local communities, and even those considering a career with our Group. The specific meaning of "appeal" differs depending on each stakeholder's perspective—stable earnings and returns for shareholders and investors; consistent provision of valuable products and services for customers; stable operations and contributions to the region for local communities; and a comfortable work environment with improved compensation and benefits for employees.

We consider it important for employees to view the enhancement of corporate value as something that directly concerns them. As one initiative to support this, we have introduced a stock incentive program through our employee stock ownership plan. The purpose is not simply to have employees hold shares in the Company. Rather, my sincere hope is to provide an opportunity for them to reflect on how their daily work and decisions are connected to our corporate value and to the evaluations made by shareholders and investors.

When each employee takes personal ownership of the Company's growth and the enhancement of corporate value, and actively shares constructive opinions and suggestions, it becomes a tremendous strength for the organization. Taking an interest not only in one's own department but also in the activities of other businesses and the entire Group will lead to advancing further value creation and wider implementation of KOBELCO-X across business domains. I believe that being an appealing corporate group is measured not only by external evaluations but also by our employees' ability to take pride in and feel a sense of ownership for the Company.

That is why we must tackle each challenge head-on and continue to build up our achievements. Over our Group's 120-year history, we have faced challenges such as quality-related incidents, fluctuations in earnings, and periods without dividend payments. As we remember what we have gone through, we must add new pages of accomplishments to our history, restoring and further strengthening trust in our Company.

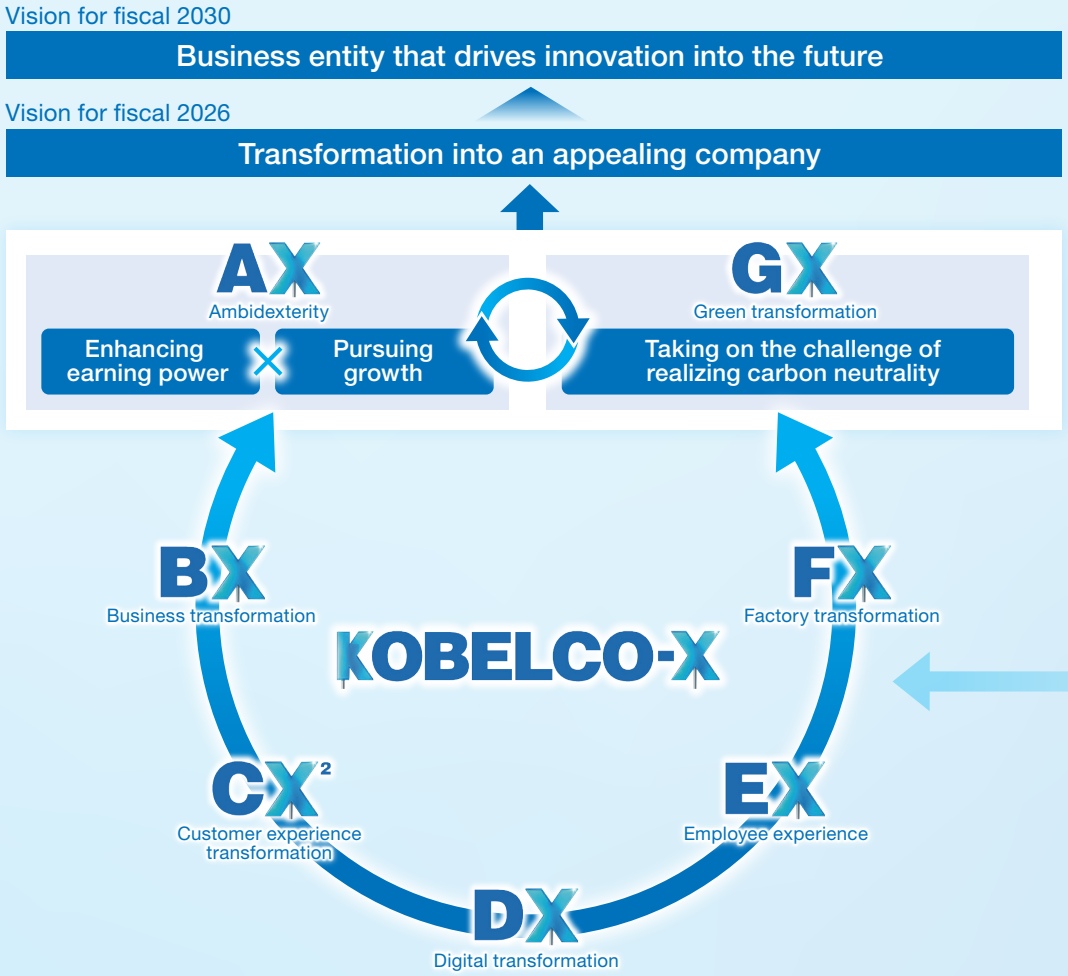
Instead of making bold projections about dramatic earnings growth, we should focus on securing stable profits, consistently delivering returns to shareholders, and addressing future challenges one by one. Through these steady efforts, we aim to bring greater clarity and confidence to our future.

The Kobelco Group has set its fiscal 2030 vision of becoming a business entity that drives innovation into the future. To achieve this, each employee must think and act independently, continuously providing new value to customers and society. By transforming into such a corporate group, we will contribute to the realization of a world in which people, now and in the future, can fulfill their hopes and dreams while enjoying safe, secure, and prosperous lives, as stated in our Group Corporate Philosophy.

KOBELCO-X: Seven Transformation Initiatives to Achieve the Medium-Term Management Plan

The Kobelco Group has established its fiscal 2030 vision to become a business entity that drives innovation into the future. Achieving this requires organizational transformation, ensuring that we are recognized as an appealing company by our stakeholders.

Toward this end, our Group has identified seven key transformation initiatives, collectively called KOBELCO-X.



The Framework of KOBELCO-X

- Each X initiative is interrelated and designed to maximize synergy by fostering links among them.
- The goal is to achieve the transformation into an appealing company by creating new value through cross-divisional collaboration and by promoting the integration of various organizational initiatives.

Two Xs (AX and GX), focused on priority issues, are essential elements for formulating and promoting business strategies

- AX and GX correspond to the priority issues set out in the Medium-Term Management Plan, forming the two pillars of the Group's business strategy.

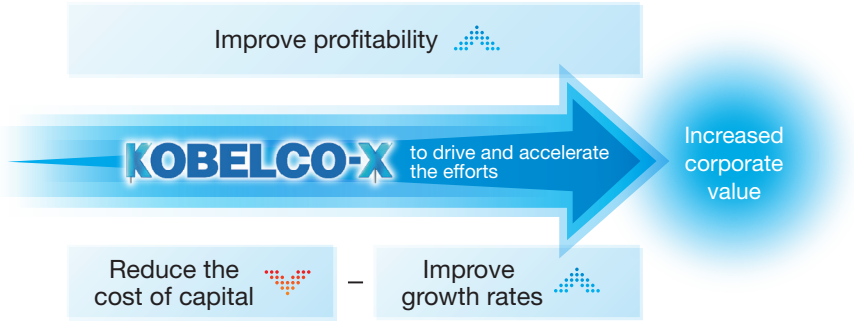
Four Xs (BX, CX², EX, and FX), the driving force for realizing business strategies, and DX to support them

- Five Xs are initiatives linked to the implementation of sustainability management required to address our priority issues.
- Along with various organizational initiatives, individual efforts are also mobilized to drive transformation across the entire Company.

Five Transformation Initiatives to Achieve AX and GX

AX and GX in KOBELCO-X are aligned with the priority issues of the Kobelco Group Medium-Term Management Plan (Fiscal 2024–2026). Achieving AX and GX requires transforming key aspects of our business operations, specifically in the areas identified as BX, CX², DX, EX, and FX. All five transformations (Xs) are propelled by the Group's management capital.

These transformations will not only contribute to AX and GX, but also significantly increase our Group's corporate value, with each element achieving lower cost of capital, higher growth rates, and greater profitability. By promoting transformation efforts through KOBELCO-X, our Group will strive to enhance its corporate value.



Relevant items are marked with a blue dot (●).

Category	Description of Initiatives	Relation with Management Capital						Relation with Corporate Value Improvement		
		Financial capital	Human capital	Manufactured capital	Intellectual capital	Social and relationship capital	Natural capital	Reduce the cost of capital	Improve growth rates	Improve profitability
BX Business transformation	• BX leads to all other transformations. It aims to not only improve operational efficiency but also transform various aspects of business activities by thoroughly examining conventional business processes (ways of performing work).		●						●	●
CX² Customer experience transformation	• CX² considers all customers as "Kobelco Group's customers" and promotes efforts to utilize the entire Group's resources. It aims to transform customer experience by strengthening (1) our marketing capabilities, (2) our ability to propose solutions, and (3) information sharing between business divisions, in order to provide optimal proposals and new value.	●			●	●			●	●
DX Digital transformation	• DX is a powerful tool for achieving other transformations. Advances in digital technology are enabling us to undertake transformations that were previously impossible. By developing human resources who can effectively utilize digital technology (DX personnel), it aims to advance DX that contributes to the realization of other transformations.	●	●	●	●	●		●	●	●
EX Employee experience	• Improving the experience of each employee is essential for the Groupwide transformation. EX aims to create an employee-friendly and highly productive work environment by fostering the creation of a physically and psychologically safe and healthy workplace, while promoting work style reform, diversity and inclusion (D&I) development, and human resources development.		●						●	●
FX Factory transformation	• FX could have a significant impact on the business activities of our Group with its primary function as a manufacturer. FX contributes to CX² through enabling quality improvement, yield and productivity improvement, and stable mass production of new products and new technologies, while also contributing to EX through improvement of work environment, workload and safety.	●		●	●		●	●		●

Highlights of This Integrated Report

Unraveling Kobelco Group's Present and Future with Five Questions

Q1 What are the Kobelco Group's "comprehensive strengths," and what value do they create?

Highlights This report explains how our materials, machinery, and electric power businesses work together to create new value through our customer-centric approach, presenting our initiative in the semiconductor industry as an example of our Group's unique collaboration across business divisions.

Relevant section: 01 Kobelco Group's Value Creation (Pages 19–33)

Q2 What transformations are envisioned toward 2030?

Highlights This report outlines our transformation into an appealing company—the main theme of the current Medium-Term Management Plan (Fiscal 2024–2026)—along with the seven KOBELCO-X transformations designed to achieve this goal. It also describes the specific initiatives and progress under the Medium-Term Management Plan.

Relevant section: KOBELCO-X (Pages 11–12) and 02 Management Strategy for Value Creation (Pages 35–42 and 58–61)

Q3 What is the Kobelco Group's strategy for achieving carbon neutrality in its steel and electric power businesses?

Highlights This report presents our realistic and steady measures, including specific strategies for reducing CO_2 emissions in the ironmaking process, as well as a roadmap for ammonia co-firing in the electric power business. It also includes the introduction of our technologies, products, and services that contributes to reducing CO_2 emissions.

Relevant section: 02 Management Strategy for Value Creation (Pages 43–49)

Q4 What approach is being taken to address the declining P/B ratio and cost of capital from a financial perspective?

Highlights Amid increasing demands for management that is conscious of cost of capital and stock prices, this report introduces our initiatives to enhance corporate value—such as promoting ROIC-based management, pursuing growth investments, and approaches to shareholder returns—and also explains our dialogue with the capital market.

Relevant section: 02 Management Strategy for Value Creation / Financial and Capital Strategy to Accelerate Growth (Pages 50–55) and Dialogue with the Capital Market (Pages 56–57)

Q5 After 120 years of history, what changes lie ahead for Kobelco Group's people and organization?

Highlights This report outlines how we are advancing organizational transformation to become a business entity that drives innovation into the future—by creating an environment where each employee can perform to the best of their abilities, investing in human capital, and promoting the active participation of diverse talent.

Relevant section: 03 Business Foundation for Value Creation / Human Resources Strategy and Employee Experience Improvement (EX) (Pages 68–71)

Message from the President and CEO (P. 5)

Roundtable Discussion on Semiconductor Market Strategy (P. 30)

Message from the CFO (P. 50)

Roundtable Discussion Among Outside Expert, Executive Vice President, and Independent Directors (P. 58)

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Period Covered

Covers fiscal 2025 (from April 1, 2025 to March 31, 2026). Please note that this Integrated Report may refer to fiscal years before and after the period when necessary.

Guidelines Referenced

- Sustainability Reporting Standards of the Global Reporting Initiative (GRI)
- International Integrated Reporting Framework (IFRS Foundation)
- Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation of the Ministry of Economy, Trade and Industry (METI)

Disclaimer Regarding Forward-Looking Statements

This Integrated Report contains forward-looking statements about the Company's forecasts, beliefs, expectations, aims, and strategies. These statements represent judgments and assumptions based on information available prior to the publication of this report. Actual results may differ from what was predicted due to various factors. Kobe Steel assumes no responsibility for revising these statements or other contents in this report.

Kobelco Group's Information Scheme

Information Tools		Type of Information Provided	
		Financial information	Non-financial information
Integrated Report	https://www.kobelco.co.jp/english/ir/integrated-reports/	●	●
ESG Data Book	https://www.kobelco.co.jp/english/sustainability/esg.html		●
Annual Securities Report (in Japanese only)	https://www.kobelco.co.jp/ir/securities-report/	●	●
Financial Results	https://www.kobelco.co.jp/english/ir/results/	●	
Business Reports, Consolidated Financial Statements, and Non-Consolidated Financial Statements	https://www.kobelco.co.jp/english/ir/meeting/	●	●
Corporate Governance Report	https://www.kobelco.co.jp/english/sustainability/governance.html		●
Kobe Steel corporate website	https://www.kobelco.co.jp/english/	●	●

The people featured on the cover, cover story (page 1), and opening illustrations (pages 18, 34, 62, 86, and 105) are recipients of Kobelco Awards 2025.

Group Corporate Philosophy

Group Corporate Philosophy Created by Group Employees Working Together

The Kobelco Group Corporate Philosophy was established in 2020.

Following the quality-related misconduct that was made public in 2017, we launched a project to formulate our corporate philosophy by revisiting who we are and what we aspire to achieve, in order to transform our once closed-off corporate culture.

In its formulation process, we placed importance on taking a bottom-up approach. Through Dialogue Platforms and other forms of discussions at each workplace, we created opportunities for not only management and selected members but also for all members of the Group to give considerable thought about our mission. Integrating the thoughts of all, the Group Corporate Philosophy was completed over a period of about one year.

The Group Corporate Philosophy comprises four elements: KOBELCO's View of the Future and KOBELCO's Mission, along with the Core Values of KOBELCO and the Six Pledges of KOBELCO, which present our code of conduct and values to be shared.

KOBELCO's View of the Future incorporates the spirit that has been passed down since its founding: Making the world today and in the future a better place by providing products that can be used safely and reliably for a long time while offering new value to society.

KOBELCO's Mission represents its vision of providing solutions to the needs of society in ways only possible by KOBELCO, integrating diverse businesses, technologies, and qualities of its people that it has developed through the effort to meet societal demands.

The Group strives to realize a world in which people, now and in the future, can fulfill their hopes and dreams while enjoying safe, secure, and prosperous lives, as stated in its Group Corporate Philosophy formulated by Group employees.

KOBELCO 's View of the Future

Our view of a society and future to be attained as we carry out KOBELCO's Mission

We envision a world in which people, now and in the future, can fulfill their hopes and dreams while enjoying safe, secure, and prosperous lives.

KOBELCO 's Mission

Our mission and the social significance of the KOBELCO Group that we must fulfill

Our mission is to provide solutions to the needs of society, by making the best use of the talents of our employees and our technologies.

Core Values of KOBELCO

The commitments of the KOBELCO Group to society and the values shared by the entire KOBELCO Group

1. We provide technologies, products and services that win the trust and confidence of our customers we serve and the society in which we live.
2. We value, and support the growth of, each employee on an individual basis, while creating a cooperative and harmonious environment.
3. Through continuous and innovative changes, we create new values for the society of which we are a member.

Six Pledges of KOBELCO

Code of Conduct for all Group employees to follow to fulfill the Core Values of KOBELCO and the Quality Charter

1. Uphold the Highest Sense of Ethics and Professionalism
2. Contribute to the Society by Providing Superior Products and Services Quality Charter
3. Establish a Comfortable but Challenging Work Environment
4. Live in Harmony with the Local Community
5. Contribute to a Sustainable Environment
6. Respect Each Stakeholder

Promoting the Implementation of the Group Corporate Philosophy

Core Values of KOBELCO—Next 100 Project

The Kobelco Group is working to ensure that all Group employees continue to implement the Group Corporate Philosophy through the Core Values of KOBELCO—Next 100 Project. This project was launched in 2017 to promote the Group Corporate Philosophy by encouraging employees to recognize and empathize with it, propelling them to the next level of active participation and practice, with the aim of having such actions of each individual grow into our corporate culture and take firm root in the organization. Building on the milestone of our 120th anniversary in September 2025, we are further strengthening efforts to foster understanding of the Group and its commitment to harmonious development with the local community.

Promoting the Shift from Recognition to Empathy

To promote the implementation of the Group Corporate Philosophy, it is essential for each and every employee to have both recognition and empathy for the Kobelco Group. To continue as a business entity that embraces new challenges for the future, we are taking various measures while ensuring that the quality-related misconduct of 2017 is never forgotten.

Dialogue Sessions Between Senior Executives and Enployees

In dialogue sessions, the president and CEO and other senior executives speak directly to employees, sharing their commitment to transformation and related policies. These sessions take place either through in-person visits to business sites or virtual all-hands meetings.

- **Dialogue with the President and CEO at Business Sites**

  In fiscal 2025, the president and CEO visited seven locations, including domestic Group companies, and held dialogue sessions with approximately 120 employees in total. He also exchanged opinions with on-site staff during plant tours and social gatherings, engaging with many employees.

- **Large-Scale Online Dialogue Sessions (Kobelco Gatherings)**

  Online dialogue sessions with the president and CEO and relevant executive officers are held for all employees. At the fiscal 2025 event, which was attended by 2,500 employees, the president and CEO explained the management plan and its progress, while executive officers shared their perspectives on the promotion of DX as part of KOBELCO-X. In dialogue sessions, great importance is placed on direct interaction with employees, including real-time Q&A sessions. This event, where the president and CEO and executive officers explain pertinent topics in their own words, has garnered significant interest from employees.

Kobelco Core Values Place

Kobelco Core Values Place was established in 2019 within the Kobelco HRD Center in Kobe as a facility to remember the past quality-related misconduct and pass on the lessons learned to future generations. Online virtual visits and satellite facilities are also utilized to promote visits by all Group employees. In 2025, we renovated the facility reflecting visitor feedback. In total, 50,000 people have visited so far.

Kobelco Core Values Month

We have designated October as Kobelco Core Values Month to ensure that the past quality-related misconduct is never forgotten and to reaffirm that compliance is a key element of our business foundation. Starting with Core Values Month, we hold Dialogue Platforms for the entire Group every year.

Kobelco Core Values Day

We have designated March 6th, the day the final report was announced, as the day we pledged to prevent the recurrence of quality-related misconduct. Every year, the president and CEO shares a message with employees and various events are held on this day.

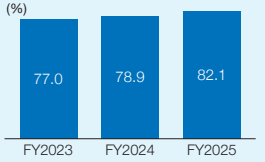
■ Empathy with the Group Corporate Philosophy (Employee Awareness Survey)

The employee awareness survey assesses how much employees resonate with the Group Corporate Philosophy. Compared to the previous survey, empathy has improved, with over 80% of employees responding that they empathize with the Group Corporate Philosophy.

■ Questions on the Group Corporate Philosophy

The bar graph indicates the percentages of employees who answered "I agree" or "I agree more than disagree" on the five-point scale.

Percentage of Employees Who Feel Empathy Toward the Group Corporate Philosophy



Promoting the Implementation of the Group Corporate Philosophy

Core Values of KOBELCO—Next 100 Project

Promoting the Shift from Participation to Practice

To promote the implementation of the Group Corporate Philosophy, we are not only fostering recognition and empathy, but also promoting initiatives that help each employee turn their engagement into concrete actions aligned with the philosophy.

Declaration of Pledges by Senior Executives and Employees

This initiative encourages every individual to declare their pledges. The declaration of pledges by all executives is shared throughout the Group.

Dialogue Platforms

Dialogue Platforms have been held every year since fiscal 2018 with the participation of all individuals engaged in the Group's business operations for the following purposes: (1) Instilling the Group Corporate Philosophy, (2) Preventing the quality-related misconduct from being forgotten, and (3) Promoting two-way communication in the organization. To foster deeper two-way communication during Dialogue Platform sessions, we conduct pre-training for line managers within the Group who serve as facilitators. Approximately 600 line managers received the training in fiscal 2025.

For Dialogue Platforms held overseas, we also conduct pre-training for employee facilitators in each region, promoting dialogue among local employees. When the president and CEO or executive officers visit Kobelco's overseas business locations, they hold dialogue sessions to engage in direct communication with employees.

■ Implementation of the Group Corporate Philosophy (Employee Awareness Survey)

The employee awareness survey assesses the implementation of the Group Corporate Philosophy among employees. Compared to the previous survey, the level of implementation has improved, with over 80% of employees responding that they are able to act in line with the Group Corporate Philosophy.

■ Questions on the Group Corporate Philosophy

The bar graph indicates the percentages of employees who answered "I agree" or "I agree more than disagree" on the five-point scale.

Kobelco Core Values Awards

The Kobelco Core Values Awards were launched in fiscal 2019 as a new commendation system for recognizing activities that exemplify the Group Corporate Philosophy and contribute to building a positive corporate culture.

In fiscal 2025, which marked the seventh year, 127 entries were submitted from Japan and abroad, with 14 selected for awards, including the Grand Prix.

Kobelco Awards

We established the Kobelco Award in fiscal 2025 as a platform to reaffirm the value of actions based on the Group Corporate Philosophy, consolidating award ceremonies that had previously been held separately. This Groupwide event also provides an opportunity to share the achievements and aspirations of award recipients from various internal and external awards.

On the day of the awards ceremony, the event was live-streamed to the entire Company, showcasing how recipients exemplify the Group Corporate Philosophy through presentations and interviews that shared the background stories of the award winners. Around 720 employees participated online and about 250 attended in person, making the awards ceremony an opportunity to deepen the Group's sense of solidarity and shared values.

Kobelco's Neo-Haru Action (Social Contribution Activity Website)

With a deep commitment to local communities, the Group engages in social contribution activities around the world. We launched the website Kobelco's Neo-Haru Action to widely disseminate information about these initiatives. This website primarily introduces community-based activities (Neo-Haru) undertaken proactively by the Group's employees. This helps promote understanding of the Group's social contribution activities and enhances our information dissemination efforts toward harmonious development with local communities.

For details, please visit the following website or scan the QR code. https://neoharu.kobelco.co.jp/ (in Japanese only)